SKANDINAVISKA BANKEN

AKTIEBOLAG

GOTHENBURG STOCKHOLM MALMÖ

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THE POUND AND THE DOLLAR

BY PROFESSOR GUSTAV CASSEL

The first condition for a sound world economy is a stable monetary system, and the fundamental feature in this monetary system is, and will continue to be, a fixed ratio between the value of the pound and the dollar. It is not sufficient, however, that such a ratio should be maintained by artificial means. It must be based on a stable relation between the internal purchasing power of the two currencies. Should any marked change in this relation occur, the rate of exchange must be adjusted to that change, so that an exchange rate which deviates from the real purchasing power parity of the currencies is not permitted to warp the natural conditions for commercial equilibrium.

If we proceed from these clear and simple principles, we can form a correct idea of the recent changes in the pound-dollar rate and the significance of those changes.

In order to realize the changes which have occurred in the purchasing power parity between the two currencies, we must start from a period when the rate of exchange may be presumed to have been approximately at equilibrium. It is difficult to find any such period which is not too remote in time. We can assume, however, that in 1930 the price levels in the two countries were approximately in a relation which warranted the former gold par, 4.86 (dollars to one pound). In the immediately following years the two countries abandoned the gold standard, but in 1936 the relation between their price levels had been practically restored to what it was in 1930, in that both of them (according to the indices of the Board of Trade and the Labor Bureau) had fallen by approximately 6 per cent. The rate of exchange could then again be maintained, without any inconvenience, at the former gold par. In the middle of 1936, however, there set in an inflation of the British currency, which in the course of one year raised the price level by about 20 per cent. A price advance occurred also in the United States, but was merely about half as large. The purchasing power of the pound had consequently fallen rather considerably in that year relatively to the dollar and the equilibrium level of the rate of exchange seems thus to have fallen below 4.50. From June 1937 to October 1938 the price levels in both countries fell to about the same extent, but perhaps somewhat more markedly in the United States. Thus according to the situation in October the former gold par involved a considerable over-valuation of the pound relatively to the dollar.

Though this estimate is merely a rough approximation, it shows at any rate that in the autumn of 1938 a considerable lowering of the rate of exchange between the pound and the dollar was required in order to restore equilibrium. In England it seems to have been the general view that the pound was overvalued as far back as 1930. If this is correct, the present value of the pound must be still lower than has been estimated here. Thus there seems to be a good foundation for the view that in the autumn of 1938 the pound had an internal value not exceeding four and a half dollars.

We shall arrive at similar results if we base our estimate on the Bank of England's British and American indices for primary commodities. The basis for these indices is the price level at the time when England abandoned the gold standard, namely in September 1931, which level is designated by 100. On the 1st October 1938 the index number for England was 153.4 and for the United States 134.2. The maintenance of the rate of exchange would then have meant an over-valuation of the pound by about 14 per cent. Since that date the situation has improved somewhat in favour of England. For the 19th November the index numbers were 149.2 and 136.2 respectively. The British price level,

however, was then still 9.5 per cent. above the American.

In view of these figures, there can scarcely be any doubt that in the autumn of 1938 a considerable reduction of the rate of exchange for the pound was warranted. It did in fact fall somewhat. For the year 1936 it had averaged 4.97 and for 1937 4.94. For October 1938 it had fallen to. 4.77. But, as we see, this reduction, which attracted great attention and caused some alarm, by no means corresponded to the relative lowering of the internal purchasing power of the pound. Even the more marked fall in the exchange rate which occurred during the most critical days of the international situation did not go nearly down to the level which would have corresponded to the purchasing power parity of the currencies.

Thus powerful forces must evidently have been at work to keep the pound up above its purchasing power parity. It remains to be discussed whether these endeavours were rational. Should the American price level rise whilst the fall in the British price level continued, the purchasing power parity might, of course, rapidly change in favour of the pound. It might then perhaps be useful, pending this improvement, temporarily to maintain the pound at an exchange rate lying above the present purchasing power parity. But directly to aim at a reduction of the British price level would undoubtedly be a misguided policy. In the present delicate economic situtation England cannot possibly embark on a policy of deflation. On the other hand, we may reckon with a rise in the American price level. The previous very alarming fall of prices in fact ceased in May 1938, when the price level had already fallen below the average for 1936. The United States then had no reason to continue their policy of deflation. The authorities in fact showed that they did not desire this, and the Government's new and very extensive programme of expenditure can scarcely be carried out without some inflation, however slight, of the American currency. The ratio between the purchasing power of the pound and the dollar might thereby be restored to a level corresponding to the present rate of exchange. Under such assumptions it might be considered to be a rational policy to resort to the stabilization funds in order to prevent ups-and-downs in the exchange rate which might disturb a steady development of international commerce.

That the pound in recent times has been considerably overvalued in relation to the dollar is evidenced by the trend of the balance of trade both in England and in the United States. In England a rather alarming adverse change in the balance of trade has ensued, whilst the American balance of trade has shown an almost equally alarming surplus. A reduction of the rate of exchange for the pound at an earlier date would doubtless have been useful in order to prevent this unsound change in the trade balances of the two countries. It must be emphasized here that this shifting of the balance is a *consequence* of the overvaluation of the pound, and might thus have been avoided if the pound rate had been adjusted more promptly to the change in the relative purchasing power of the two currencies. In the discussion of the subject the facts have often been distorted, in that the fall of the pound rate has been represented as a consequence of the adverse balance of trade.

The Tripartite Agreement of September 1936 must, without doubt, be considered to imply that the contracting parties have agreed to maintain rates of exchange approximately corresponding to the internal purchasing power of the currencies. That this is the right interpretation is evident from the fact that, according as the internal inflation in France has proceeded, the rate of exchange for the franc has successively been lowered, without this being deemed to involve a breach of the Tripartite Agreement. A similar interpretation might reasonably be applied to by far the most important feature in the Agreement, notably the rate of exchange between the pound and the dollar. In that case there would be no reason for alarm at the lowering of the pound rate which occurred in the autumn of 1938.

The position, however, would be entirely different if a reduction of the internal purchasing power of the pound should set in, with a resulting depreciation in the international valuation of that currency. Many people fear that England's

immense national expenditure will inevitably entail an inflation of the currency. Such a consummation, however, can scarcely be considered to be the necessary consequence of the present situation. The Government is indeed making very large calls on the capital market and is absorbing a considerable part of the country's savings. Nevertheless a surplus of annual savings is apparently still available for private enterprise and thus for the economic progress of the country. The fact that England is consuming part of her foreign capital need not signify an absolute decrease in the national wealth. The consumption of foreign capital may be more than compensated by an increase in internal fixed assets, for example in the form of house-building or improved industrial equipment. This has certainly been the case at any rate up to quite recent times. But it is a serious enough matter that the annual increase in the national wealth should have shrunk so markedly as it has undoubtedly done in the course of the last few years, and some tightening of the programme of national expenditure will evidently be necessary if the country is not to drift into the most dangerous of all inflation processes, that which is caused by bad finances.

For Sweden it is undoubtedly of great value to be able to reckon with a stable rate of exchange for the pound. But, above all things, we must adhere to the standard we have adopted for our currency policy, namely the maintenance of a krona with a constant internal purchasing power. Should signs appear of a real depreciation of the pound sterling, Sweden could scarcely avoid effecting a corresponding reduction in the rate of exchange for the pound.

THE SWEDISH SULPHATE PULP INDUSTRY, ITS DEVELOPMENT AND PRESENT POSITION IN THE WORLD COMPETITION

BY ERLAND WALDENSTRÖM, CIVIL ENGINEER,
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The first attempts to obtain, by the chemical treatment of wood, a fibre material which could be used for the manufacture of paper, were made in Germany and England during the latter half of the eighteenth century. They were prompted by the increasing shortage of cotton and linen rags, which were then the principal raw material of the paper industry. The intensive experiments which were conducted in this field in the course of the following decades did not lead to any important results until Watt, an Englishman, and Burgess, an American, in 1853 patented a practicable method for producing paper pulp from wood by boiling under pressure with an alkaline liquor (caustic soda). This method, the principles of which still survive under the name of the soda pulp process, was applied on a manufacturing scale in the United States in 1860. The first soda pulp mill in Sweden was erected at Delary, near Strömsnäs Bruk, in 1872. Eight additional mills were erected in Sweden in the immediately succeeding years.

In 1879 a modification of the soda pulp process was introduced by Dahl, a German:

its characteristic feature was that the boiling liquor, in addition to caustic soda, contained also sodium sulphite. This addition of sulphite was found to have an effect of fundamental importance on the boiling process. The brown-coloured product made by the new process was termed sulphate pulp, which is a misnomer originating in the fact that sodium sulphite was added in order to compensate losses of alkali during the boiling. Immediately after the addition, however, the sulphate is converted into other sodium compounds and thus does not play any part in the boiling process.

As compared with the soda pulp process, very considerable advantages were afforded by the sulphate pulp process, its principal merits being a larger output of pulp from a given amount of wood and a stronger, more pliable pulp. It was at once adopted by Swedish soda pulp mills (on a smaller scale also in Finland, Norway and Germany), which, in view of the merits of the process, were not deterred by its great drawback: the very disagreeable and penetrating smell, caused by organic sulphur compounds. In densely populated countries, however, particularly in Germany, this disagreeable feature of the process has greatly impeded the development of the sulphate pulp industry.

Although the fundamental chemical principles of the sulphate pulp process were first elaborated abroad, Sweden must be regarded as the real homeland of the sulphate pulp *industry*. During the first four decades of the development of this industry Sweden held a dominant position among the sulphate-pulp-producing countries of the world, and is still in the front rank in the world commerce with sulphate pulp. Sweden has in fact taken the lead not only in regard to the quantum produced, but also in respect of quality. Many of the kinds of paper made from Swedish sulphate pulp, and especially Swedish kraft paper, have a world-wide reputation for superior quality. In the technical development of the manufacturing processes during this period Swedish engineering science has played a very prominent part.

Since 1924 the position as the largest producer of sulphate pulp has been assumed by the United States of America (their first sulphate pulp mill was, however, erected as late as in 1909, nearly thirty years later than in Sweden). The development of the production in these two countries is shown in detail in chart 1.

Production and quality as compared with those of sulphite pulp.

Chart 1 also shows a curve representing the development of the production of *sulphite* pulp in Sweden. Since the beginning of this century both the sulphite and the sulphate pulp industries have, as we see, passed through a magnificent development. If we compare them, however, we shall find that the sulphite pulp industry (which indeed originated some years earlier than the sulphate pulp industry) during the first two decades showed by far the most rapid growth. Since 1920, however, the situation has been quite reversed, in that the sulphate pulp industry from that time onwards has shown a very rapidly rising curve of development, remarkably independent of economic crises, so that it has almost caught up the lead of the sulphite pulp industry. Sweden's production of sulphate pulp was nearly sextupled during the period 1920—1937: during the same time the production of sulphite pulp was merely doubled.

These two industries since their origin have developed side by side comparatively undisturbed by, and independently of, one another. This is due firstly to the fact that the products obtained, sulphite and sulphate pulp, respectively, show distinct differences in quality, so that the purposes for which they are used are rather well delimited. Another reason is that the requirements of the two processes in regard to the raw material essentially differ, so that the kinds of wood which they need (spruce and pine) could be distributed between them in a rational manner.

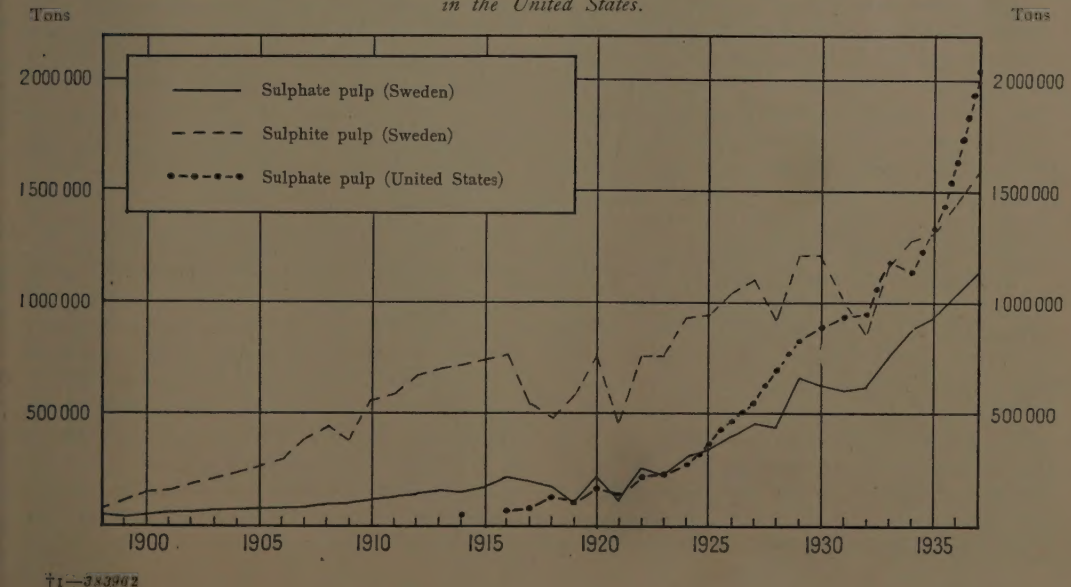
The principal differences in regard to quality may be characterized as follows: — Sulphate pulp is of a brown colour, sulphite more or less white; sulphate pulp has thicker and more pliable fibres than sulphite, and is more resistant to the special mechanical treatment (beating)

which is one of the principal features in the manufacture of paper; furthermore, sulphate pulp yields a stronger (especially as regards resistance to tearing), softer and more porous paper than sulphite pulp. Owing tho these properties; sulphate pulp has been chiefly used for the making of the coarser kinds of paper, such as kraft wrapping paper, bag paper, paper for cement bags and for container boards, whereas the lighter coloured sulphite pulp, which can be bleached with comperative ease to a very high degree of whiteness (as regards the bleaching of sulphate pulp, see below), serves as a basis for white wrapping paper and for a variety of finer qualities of paper: it is also an ingredient in newsprint.

As regards the kind of wood used in the two processes, the fundamental difference between them lies in the fact that the acid sulphite liquor is unable to dissolve the resins in the wood. For this reason resinous woods such as pine cannot be dissolved by the sulphite process, whereas this can be done by the alkaline sulphate process. Thus, whilst the last-mentioned process permits of the use both of pine and spruce, the sulphite process is reduced to the use of spruce solely. In the dissolution of the wood by the sulphate process it is in fact unnecessary to be as particular about the quality of the wood as in the manufacture of sulphite pulp. Thus, to a certain degree, the occurrence of knots and bark can be ignored, which has opened the way for the utilization of sawmill waste as raw material for sulphate pulp. This has been of immense importance for the development of the sulphate pulp industry in Sweden. Sawmill waste, which previously could scarcely be put to any other use than as fuel, is obviously a very cheap material and the characteristic combination of sawmills with sulphate mills has afforded great economic advantages for both these industries. The capacity of the sulphate mills for utilizing small dimensions of timber, as well as crooked and knotty wood has redounded also to the benefit of forestry.

With this distribution of the raw material the cheapest part evidently goes to the sulphate pulp industry. The difference between the two industries in regard to the cost of wood is, of

Diagram 1. Production of sulphate and sulphite pulp in Sweden and sulphate pulp in the United States.



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course, subject to great fluctuations. But under normal conditions a sulphate mill combined with a sawmill should be able to reckon with a cost of wood per ton of pulp produced which would be 25 to 30 per cent. below the corresponding expenditure for a sulphite pulp mill situated in the same district. It may be of interest to note that in the United States, according to a recent investigation, this difference of pulpwood cost amounts, on an average, to 27 per cent. The conditions in Sweden and the United States thus seem to be rather similar in this regard.

Despite of this difference in the cost of wood, the difference in the total cost of the production of sulphite and sulphate pulp is insignificant. The two industries supplement one another in this respect also, in that the cost of converting wood into pulp is largest in the process where the cheapest wood is used, namely in the sulphate pulp process and in normal cases the disparity is of such a magnitude that the difference in the cost of wood is very nearly equalized. The conditions are similar in the United States.

Bleached sulphate pulp. Sulphate pulp for artificial silk.

Only after the development of the modern multi-stage bleaching processes during the nineteen-twenties did it become possible to bleach the brown sulphate pulp to perfect whiteness. This highly-bleached sulphate pulp began to come into the market about the year 1930. Sweden and the United States are at present the largest producers (Sweden's output in 1937 was 84,000 tons). Finland also now produces a considerable amount of this pulp.

Many of the paper-makers who at first viewed this new material with distrust now regard it as indispensable for the manufacture of certain kinds of paper. Whilst this material is comparable with bleached sulphite pulp in respect of whiteness, its paper-making properties are otherwise quite different. Bleached sulphate pulp is now used, for example, as a substitute for the expensive cotton or linen rags, in the making of paper of the highest quality. It has also been brought into steadily increasing use for white wrapping paper, bag paper, etc. Generally speaking, this kind of pulp can be put to a great variety of uses, which will doubtless further increase when its possibilities have been better studied and greater experience has been gained in regard to its proper treatment.

It is natural to ask whether bleached sulphate pulp, like bleached sulphite pulp, would not be a suitable material for the manufacture of artificial silk. Though several attemps have been made in this direction, only insignificant quantities of artificial silk have hitherto been produced, on a manufacturing scale, in this way. It is at present very difficult to judge how far bleached sulphate pulp might be able in the future to compete in this field with bleached sulphite pulp. It seems, however, to be scarcely scientific to use a pulp the fibres of which are so extremely adapted for the making of paper as a basis for a manufacture in which the structure of the fibres is of quite subsidiary importance, and where very weak and small fibres (those of birch, beech, etc.) may copiously occur.

Sweden's foreign trade in sulphate pulp.

That the bulk of the sulphate pulp produced in this country is exported is a fact which need not be amplified here. The total export quantum in 1937 was about 860,000 tons, and distributed as follows between the principal countries:

to the United States	48,5	per cent. of the total amount exported
» Great Britain	13,6	
» France	4,9	
» other countries	33,0	

The United States thus hold a dominating position as consumers of Swedish sulphate pulp. On the other hand, Sweden is far and away foremost among the countries which supply this product to the United States. The proportion of the United States' total import of sulphate pulp which represents the share supplied by Sweden has increased with the greatest rapidity in the course of the past twenty years (chiefly at the expense of Canada), amounting to no less than 68 per cent in 1936. The course of this development is shown in Table 1.

The fact that the United States, in covering her requirements of *imported* sulphate pulp is mainly reduced to importation from Sweden (as to 60—70 per cent.), by no means signifies that the United States sulphate paper industry as a whole is dependent in a corresponding degree on Swedish raw materials. The major part of the United States requirements of sulphate pulp is in fact covered by the domestic pulp mills. The total consumption for the year 1937 may be estimated at 2.700,000 tons; out of this amount about 650,000 tons (= 26 per cent. of the consumption) were imported, whereof from Sweden approximately 420,000 tons, or 15.5 per cent. of the total requirements: thus a comparatively small proportion, which, moreover, has been decreasing in the course of the last few years. The trend of development from the year 1926 onwards is illustrated in chart 2.

If the trade in sulphate pulp between Sweden and the United States should entirely cease, the United States paper industry would see the supply of sulphate pulp reduced by 15.5 per cent., whilst the Swedish sulphate pulp industry would find that the demand for sulphate pulp had diminished by 48.5 per cent. These figures make an unduly alarming impression. The fact is that the United States paper industry, when it comes to the manufacture of certain qualities of paper, is extremely dependent on the high-grade Swedish sulphate pulp. On the other hand, it must be admitted that the situation is such that the Swedish sulphate pulp industry has every reason to watch developments in the United States with the greatest attention.

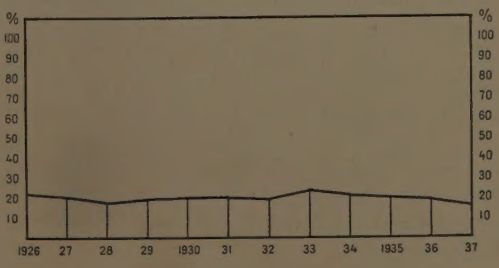
With their domestic production of about 2.05 million tons (for 1937), the United States, as already mentioned, are the largest producers of sulphate pulp in the world. It should be added, however, that at the present time the capacity of the American sulphate pulp industry admits of a considerably larger production, presumably close on 2.9 million tons. The development of that industry during the last few years has in fact proceeded with almost incredible rapidity. Owing to the erection in the Southern States of some fifteen new mills, the output capacity per annum of the American sulphate pulp mills increased in the course of the period 1936—1938 by no less than 1.1 million tons. The output capacity of the United States was thus augmented all at once by 60 per cent. This unprecedented expansion was facilitated by the immense supplies of very cheap timber obtainable from the fast-growing stands of yellow pine in the Southern States (in 1935 the average cost of wood per short ton of sulphate pulp produced was $ 6.71 in the Southern States, as against $ 14.89 in the forest districts round the big lakes in the north).

The above-mentioned increase of capacity, 1.1 million tons per annum, is more than twice as large as Sweden's entire annual export of sulphate pulp to the United States. It is therefore not surprising that the reports about the erection of pulp mills in the Southern States should have caused considerable alarm in the Swedish sulphate pulp industry. But here, as in other fields, bare figures for capacity and output are apt to give a misleading picture of the situation. The determining factors are the quality of the imported pulp compared with that of the domestic product, and the different uses to which they

Table 1. Total import of sulphate pulp into the United States; Sweden's and Canada's share therein.

Year	Total imports	From Sweden	From Canada	Import from Sweden in percentage of total imports
	1,000 tons	1,000 tons	1,000 tons	
1919	137	22	110	16 %
1926	356	172	143	48,5 %
1929	405	231	118	57 %
1936	670	452	107	67,5 %

Diagram 2. Import of sulphate pulp from Sweden to the United States in percentage of total consumption of sulphate pulp in the United States.



are put in virtue of this difference of quality. Now the pulp produced in the Southern States is primarily intended for the manufacture of various kinds of board, especially container board — a commodity for which there is a very large and increasing demand in the United States —, and secondly for the production of wrapping paper and bag paper. How, on the other hand, the sulphate pulp imported from Sweden is used for different purposes cannot be exactly stated (it would be of the very greatest interest for the Swedish industry to make a thorough investigation into this matter), but presumably merely an insignificant part thereof is used for container boards; the bulk of it serves as raw material for kraft paper of the highest quality as well as for a great variety of finer qualities of paper, where strength, opacity, porosity, and other properties particularly characteristic of sulphate pulp, are of essential importance. Thus there is no reason to anticipate that an increase in the production of the Southern States would encroach in corresponding degree on the amount imported from Sweden: the two types of pulp compete merely on a limited scale for the same uses.

It is thus this *difference in quality* between Swedish and American sulphate pulp that mainly assures Sweden's export of sulphate pulp to the United States : it might indeed be stated without exaggeration that, if this difference did not exist, the United States would not need to import any Swedish sulphate pulp at all. The difference in quality is ultimately based on dissimilarities in the morphological character of the kinds of wood which are found in Sweden and the United States, respectively, and thus is scarcely due to any superiority in Swedish manufacturing technique; it will therefore presumably be permanent, at any rate in essentials. Sweden's prospects of retaining her incomparably most important market for sulphate pulp will largely depend on whether our mills, after a thorough study of these morphological differences, are able to produce a series of high-grade special brands, where the characteristic properties of Swedish sulphate pulp have most effectively been turned to account.

The world production and the world requirements of sulphate pulp.

Exact figures for the world production of sulphate pulp cannot be given, as several countries, in their production statistics, do not distinguish between sulphite and sulphate pulp. The figure for 1936 may be approximately estimated at 3.5 million tons; out of this production 2.66 million tons, or 76 per cent., were supplied by Sweden and the United States, taken together. Among the other producers of sulphate pulp we note particularly Finland (production in 1936: 389,000 tons) and Canada (production in 1936: 260,000 tons). There is also a considerable production of sulphate pulp in Norway, Germany, Poland, Japan, etc. The development of the sulphate pulp industry in Finland during the last few years is of special interest, in that it has proceeded with a rapidity comparable to the simultaneous expansion of that industry in the United States. In 1936 Finland's production was $2^1/_2$ times as large as in 1929.

The world production of sulphate pulp, mainly owing to the recent development in the United States, Sweden and Finland, has shown an expansion which is quite unprecedented in the annals of that industry. During the years 1934—1937 the increase in the world production was as large as the entire increase during the sixteen-years period 1913—1929. It should be observed, however, that the output capacity has advanced at a still more furious pace, and that the margin between capacity and actual output has continuously widened in the course of the last few years. In other words, the increase in production has been accompanied by a steady decrease in the utilization of capacity. The world production for 1937 may be preliminarily estimated at about 4.2 million tons; but the total capacity of the sulphate pulp industry at present corresponds to a *normal* annual output which may be roughly computed at not less than 5.3 million tons.

It is thus evident that the growth of the sulphate pulp industry during the last few years has proceeded at an abnormal pace. The output capacity has rushed ahead at too swift a speed to enable consumption to keep pace with it, and

the impressive increase in production is nowise parallelled by equally brilliant results in regard to profitability. That this period of convulsive increase of capacity nevertheless has not led to an utter collapse of the market is a fact which bears eloquent testimony to the expansive power in the consumption of sulphate pulp products. In this expansion the coarser kinds of paper made of sulphate pulp, more particularly container boards, have led the way.

How the world consumption and output capacity will balance during the next few years will, of course, depend primarily on the economic trend in general. The sulphate pulp industry would certainly benefit by a lengthy pause in the hectic expansion of production in recent times. There would then be good reason to expect that consumption, provided that its development was not disturbed by severe economic crises, in the course of a few years would reach a level corresponding to full output capacity, and that normal market conditions would again set in. Though it is difficult to forecast the subsequent trend of development, it seems probable that the rapid expansion in the uses of sulphate pulp will continue. Coarse sulphate paper, as previously mentioned, is showing a very vigorous development, and in the packing line new uses are being found almost daily for wrapping paper and board, which are ousting heavier and more expensive kinds of packing (wood, glass, sheet metal etc.). There are also many indications that bleached sulphate pulp in course of time may be brought into considerably greater use for many qualities of white paper. Its chief competitor in this field, bleached sulphite pulp, will presumably be used in increasing degree for the production of textile material.

On the other hand, we may ask whether the world timber supplies really admit of a considerably increased production of sulphate pulp. Though there is, of course, a theoretical limit, it is extremely difficult to judge where it should be drawn. Similarly as in the case of almost all other industrial raw materials, an impending shortage in the supply of sulphate pulp (or sulphate wood) has been foreboded by calamity howlers. They have, as a rule, riveted their attention on the fact that the total supply of pinewood from the forests in the principal sulphate-pulp-producing countries is already almost balanced by the consumption, and that in certain cases there is actually an excess cutting of timber. This reasoning, however, is by no means convincing. In certain countries (such as Canada and the United States) forestry leaves much to be desired. The forests in the Southern States are now being thoroughly surveyed, and experts consider that, after the adoption of rational forestry — a reform which will doubtless soon be introduced everywhere in the United States forest regions — they could easily supply the gigantic sulphate pulp industry of the Southern States with raw material for all time to come. Moreover, it is quite impossible to judge what results may be yielded by increasingly intensified forestry (possibly in conjunction with the biological improvement of the various species of conifers), in the form of increased supplies from the forests of Sweden and other countries. Finally, it should be noted that out of the total annual cutting of pinewood, merely a minor part is consumed by the sulphate industry. For Sweden this proportion may be estimated at about 25 per cent.; as regards the Southern States it seems to range between 7 per cent. in the western and 20 per cent. in the eastern regions. If, as is by no means inconceivable, the future trend should be such that the demand for sulphate pulp continuously increased, whilst the market for wood goods of pine was steadily curtailed, a very large increase in the production of sulphate pulp could evidently be obtained by using an increasingly larger proportion of the yield from the pine forests in the form of pulpwood.

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THE LEVEL OF INTEREST ON THE SWEDISH CAPITAL MARKET

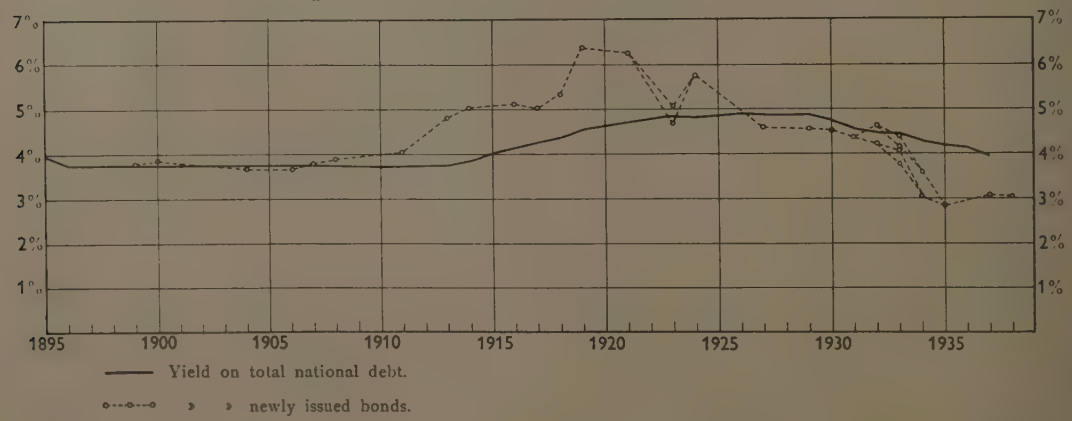
BY EINAR HUSS, D. SC.

In Sweden, as in some other countries the rates of interest during the last few years have, as we know, been lower than at any previous time. It is particularly remarkable, however, that the interest rates for long-term capital are lower in Sweden than in the rest of Europe and, with a few exceptions, even the rest of the world. It is also noteworthy that the low rates of interest in this country have spread to a greater extent than elsewhere to the various branches of the capital market. These facts and their causal connection lend more than local interest to the situation on the Swedish market for capital.

The accompanying chart I shows from the year 1895 onwards (1) the average interest charges on Sweden's total national debt and (2) the yield on newly issued loans. The figures for the period down to the year 1913 reflect the stable conditions of the pre-war era. The Swedish State then raised its loans abroad and, owing to its sound finances, obtained them on favourable terms. During that period the yield on the Swedish national debt was about $3^{3}/_{4}$ % net, that is, after deducting the discount to underwriters. Loans of nominally 3.5 to 3.6 % then predominated.

The commercial blockade during the war, inflation and the consequent increase in the demand for capital entailed a marked rise in the rates of interest, which culminated in 1920. Towards the end of that year bonds were sold on the market at fantastically low prices, which involved a yield of $7^{1}/_{2}$ to $8^{1}/_{3}$ % for gilt-edged securities. Foreign bonds were imported at still lower prices, corresponding, for example, to a yield of over 9 % for mortgage bank bonds. These rates of interest were three to four times as high as those now prevailing, and were of short duration. Nevertheless the craving for capital in Central Europe and the international movements of capital at the time maintained the rates of interest at a high level during the nineteen-twenties.

Diagram I. Yield on Government bonds in Sweden.



After 1929, and still more markedly after the slump year 1932, the fall of the interest rates set in. The trend during this last-mentioned period is shown by the following tabular summary, which as regards Government bonds shows a yield of merely $2^1/_3$ % at the end of 1938.

The term "bonds" refers here and in the sequal to medium-term and long-term loans. Short-term bonds are now being sold at prices which correspond merely to a fraction per cent. in yield.

It will be seen from the above figures that the interest rates in Sweden have now fallen more than one per cent. below the bottom levels of the pre-war period. The new situation has had a marked repercussion in the insurance branch. The life insurance companies, which from the beginning of the nineteen-twenties had reckoned with an interest of 4 % in calculating premiums and premium reserve, have successively reduced the estimated interest to $2^1/_2$ % in respect of new insurances and, as a rule, to 3 % in recalculating the premium reserve for earlier insurances. As regards insurance societies directions to a similar effect have been given by the inspecting authority.

The particulars regarding the level of interest abroad which are given in periodicals, inclusive of the publications of the League of Nations, refer as a rule to the discount rate for bills of exchange and to the yield on Government bonds. By applying to correspondents in different countries the Skandinaviska Banken has obtained copious information regarding the level of interest in the following European countries: Norway, Denmark, Finland, Great Britain, the German Reich, Holland, Belgium, France, Switzerland and Italy. Information solicited from overseas countries had at the time of writing not yet been received. The particulars given in the following are gleanings from this copious material as well as from stock exchange lists and periodicals.

The trend of the rates of interest in different countries is, as we know, very dissimilar. The only European countries, besides Sweden, which show markedly low rates of interest on long-term capital are Great Britain, Holland and Switzerland. In recent times, however, the interest rates, for well-known reasons, have begun to tighten somewhat in England.

It is significant that in no other country have the insurance companies been so hard pressed by the fall of interest as in Sweden. Whereas the Swedish companies, as above mentioned, have adopted a "technical" rate of interest of $2^1/_2$ % for new insurances and, as a rule, 3 % for earlier insurances, the other Scandinavian countries maintain a considerably higher rate of interest, for the most part 4 %, and, as reported, Belgian companies reckon with the same rate of interest. The French and Italian insurance companies have not been affected at all by particularly low rates of interest, whilst the German companies as a rule reckon with 4 % interest, and otherwise mainly $3^1/_2$ per cent. The last-mentioned rate of interest is being maintained also by Swiss companies, although a reduction to 3 % is apparently being contemplated. In

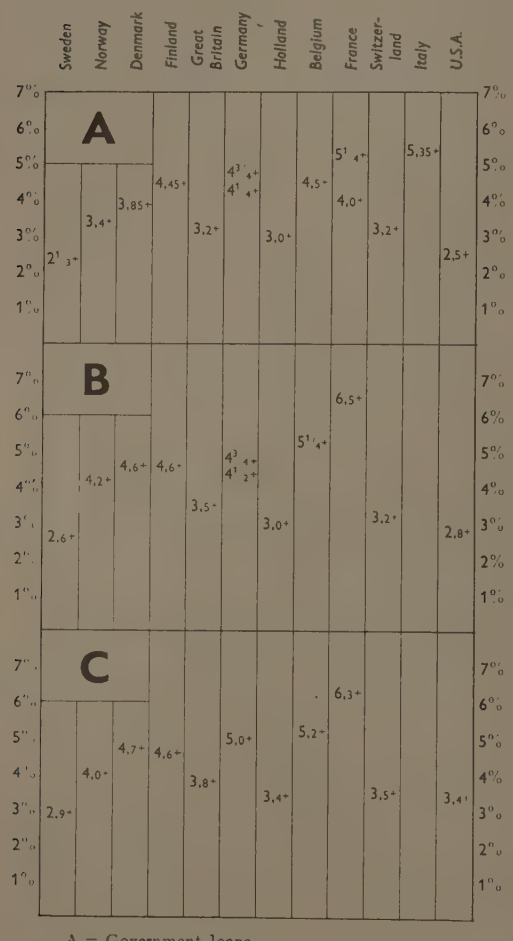
Yield, in percentage, on various long-term investments.
(Unless otherwise stated, the figures represent the average per year).

Yield on	1932	1935	1936	1937	1938
Government bonds	4.37	2.94	2.66	3.05	2.33 (Nov.)
mortgage bank bonds	4.54	2.94	2.57	3.07	2.40 (Nov.)
bonds of the larger cities	4.66	3.24	3.14	3.08	2.60 (Nov.)
first-rate industrial bonds	5.28	3.60	3.35	3.22	2.93 (Nov.)
Yield on savings bank loans:					
municipal loans	4.96	3.17	3.10	·	·
mortgage loans	5.02	3.18	3.10	2.87 [1]	2.86 [2]
loans against guarantors' bonds	5.65	3.88	3.82	3.75 [1]	3.72 [2]
Interest on the funds of the life insurance companies	5.21	4.65	4.46	·	·

[1] The 1st Januari 1938. — [2] The 1st July 1938.

Holland the estimated rate of interest is, generally speaking, 3 %, in some cases $2^3/_4$ %. Most of the British insurance companies, in calculating their premium reserves, apparently reckon with 3 % interest. Other estimated rates of interest, from $2^1/_2$ to 4 %, also occur, but mainly in the direction of higher rates than 3 %.[1]

Diagram II. Yield on bonds (in %).



A = Government loans.
B = Municipal loans.
C = First rate industrial loans.

[1] For information regarding the estimated rates of interest in British and German insurance companies, I am indebted to Dr K.-G. Hagström, Chief Actuary to the Framtiden Life Insurance Company.

Thus in Swedish insurance circles a lower yield on investments is anticipated than is the case abroad. That these apprehensions are warranted, at any rate for the present, is indicated by the statistical material which serves as a basis for charts II and III relating to the yield on bonds and mortgages.

For American Government bonds with a life of at least 12 years the prices in October and at the end of November 1938 corresponded to a yield of 2.48 and 2.51 per cent., respectively. The corresponding figure for Sweden was 2.33 per cent. In the other countries here mentioned the average yield on Government loans was 3 % or over. British $2^1/_2$ per cent. consols are now being quoted at prices which give a yield of $3^1/_2$ % or more. In some countries the yield on Government loans ranges between 4 and 6 per cent., and in certain countries, figures for which have not been included in the accompanying charts, the yield is nearly 8 per cent.

Without entering into a detailed discussion of the statistical data on which the curves in the charts are based, it must suffice here to note that also as regards other branches of the capital market the rates of interest are more depressed in Sweden than elsewhere. The present market situation for representative, first-rate Swedish industrial loans corresponds to a yield of 2.90 %, or at least $^1/_2$ % lower than the typical yield on the large, foreign capital markets. In regard to mortgages similar conditions prevail. In Sweden the market rate of interest on long loans on the security of first mortgages is barely 3 %, in Switzerland $3^3/_4$ or, in exceptional cases, $3^1/_2$ per cent., in Holland between $3^1/_2$ and 4 per cent., and in the other countries under review $4^1/_2$ per cent. or more. As regards England, where the interest on mortgages is $4^1/_2$ per cent., it should be noted that the banks do not undertake to lend money on mortgages, and that such credits are granted for the most part by building societies.

A factor which has directly conduced to the low level of interest in Sweden is the considerably reduced demand for long-term capital for industrial purposes, and to some extent also for house-building. During the last ten years in-

dustrial companies have pursued a very cautious dividend policy. They have not only been able to finance, mainly out of their own funds, an extensive rationalization and, in some cases, also an expansion of their business, but have also endeavoured with success to reduce their indebtedness. Some of the large companies have succeeded in freeing themselves completely from debt, and in some cases which have attracted much attention capital has been returned to the shareholders. Generally speaking, the outside indebtedness of the large and medium-sized industrial companies seems to have been reduced relatively to the value of their plants. Nor is the demand for capital on the part of the small industries at all marked. It is significant that AB. Industrikredit, an institution founded several years ago, with the support of the Government, for the purpose of providing small enterprises with long-term capital has not yet engaged in any extensive operations.

As for the real estate market, it is at present by no means unusual for contractors to content themselves with raising short loans, despite of the fact that the interest on long-term loans is exceptionally low. That this last mentioned condition can continue to subsist during a period of singularly intense building activity can only be explained by the existence of a large amount of capital seeking investment.

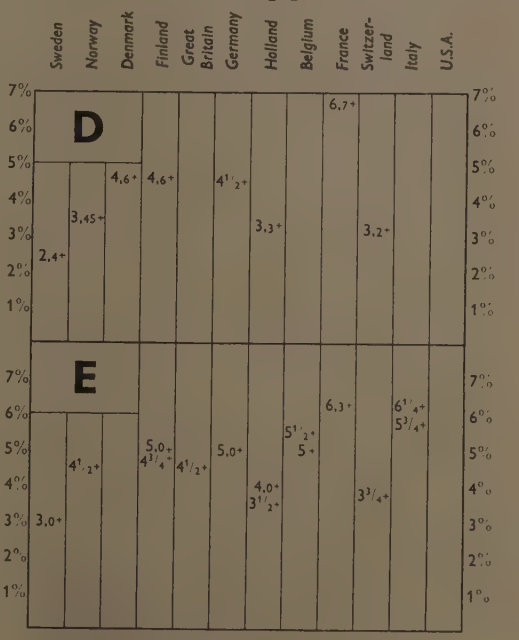
It is also evident that abundance of cheap money has tended to diminish the interest charges of industrial companies and to reduce demands for dividends.[1] These companies have thereby been enabled to make larger profits and to use a larger proportion of these profits for consolidating purposes.

As regards the dislocation which has occurred in the relation between the offer of and the demand for capital, only the first-mentioned aspect (the offer of capital) will be discussed here. The accumulation of capital in Sweden is due partly to the movements of capital between Sweden and foreign countries, partly to forced saving within the country, especially in connection with the intensification of the insurance system.

In the nineteen-twenties Sweden seemed to have become a capital-exporting country in earnest: her capital was then exported largely to countries in Central Europe. The results, as we know, were disappointing.

Also in the nineteen-thirties Sweden's estimated balance of payments resulted in a surplus of income, which for the years 1932—1937 is computed at 864 million kronor. Figures of this kind are always very uncertain, and the margin of error in this calculation, in unfavourable circumstances, may well amount to 50 per cent. or more, seeing that an error of 50 or 75 million kronor per year in the balance of trade is not inconceivable. It may be presumed, however, that the above figure for the surplus of income is somewhat too small. The influx of foreign exchange during the same period amounted rough-

Diagram III. Yield on mortgage bank bonds and mortgages.



D = Mortgage bank loans.
E = Mortgages.

[1] The market value of the industrial shares in December 1938 corresponded to a return of about 4 1/2 %, which, however, is substantially higher than the yield on bonds and mortgages.

ly to 1,200 million kronor, including a non-recurring transfer of currency in connection with hedging operations against exchange losses. For some years after Sweden's abandonment of the gold standard, in September 1931, she sold securities on a large scale, whereas during the last few years she has imported securities in considerable amounts. During the period January 1932 to September 1938 the import and export of securities have approximately balanced. The new investments in foreign bonds which have occurred in recent years have been mainly confined to loans to the other Scandinavian countries.

The fact is that, in consequence of the bad experience of previous foreign investments and the unstable currency conditions, foreign exchange not required for commercial payments has been, sold to the Riksbank. Thus at the end of 1937 the Riksbank held a milliard kronor in foreign exchange, in addition to a gold stock the market value of which corresponded to nearly a hundred per cent. cover for the notes in circulation. It is owing to these sales of foreign exchange that the cash reserves of the commercial banks have swollen to such large dimensions. These big reserves could not fail to force down the rates of interest on the money market, with an immediate repercussion on the market for capital.

Furthermore we must note the effect of forced saving in the insurance branch. The Swedish people annually pay very considerable sums for their insurances. In 1936 the premium receipts of the Swedish insurance companies amounted to 472 million kronor. If we add to this the contributions payable to State insurance institutions and to insurance societies, the sum will swell to an amount ranging between 500 and 600 million kronor. We must furthermore include the contributions to pensions funds and the amount of the pensions paid direct by employers. All in all, the total presumably amounts to a sum ranging between $1^1/_2$ to 2 million kronor per day. According to the latest available figures (for 1936 or 1937) the aggregate funds of the insurance companies and institutions may be estimated at about 4,200 million kronor. By way of comparison, it may be mentioned that the deposits held by the savings banks at the end of 1936 amounted to 3,402 million kronor, whilst the deposits in the commercial banks totalled 3,779 million kronor.

During the last ten years the funds of the life insurance companies and the National Pensions Funds have been more than doubled. Saving, generally speaking, plays a large part in life insurance business, and this, of course, applies particularly to pensions insurance. It is estimated that the Swedish system of national pensions insurance will entail the accumulation of a fund of several milliard kronor, if the growth of the fund is allowed to proceed unchecked. It is expected that an accumulation of capital of similar magnitude will supervene if the question of the pensioning of workers is now settled mainly in accordance with the classical system of insurance. Finally, there is reason to fear that this immense accumulation of capital will proceed in a vicious circle, in that the rate of interest is forced down by the great demand for safe investments, whereupon the lowered rate of interest in turn necessitates larger premiums and thus a still greater demand for investments.

It should further be noted that, owing to Swedish legislation, the investments of insurance companies and institutions have been greatly restricted. They are obliged to invest their funds mainly in gilt-edged bonds and comparable loans against promissory notes, or in loans against mortgages on real estate up to two-thirds of the assessed value of the property. From the standpoint of national economy it is obviously desirable that the savings of the people should be invested in such a way as to support production, and it is very doubtful whether the preference given in Sweden to investments in municipal loans accords with this view. It is also evident that the real estate market has been glutted with capital which has been debarred from investment in industrial shares.

The low rates of interest have incontestably been very advantageous for industrial enterprise, house-building etc., and have thus indirectly benefited also the general public. But it is equally certain that the scanty yield in the form of interest has brought many holders of small savings into

a deplorable plight. As anything which is supposed to benefit the consumer is always hailed with general approval and is promoted by politically powerful groups, it should be pointed out that low rates of interest are not always to the advantage of the general public, or that the benefits which they may entail for the business world are not always passed on to 'the man in the street'. For example, in life insurance the fall in the level of interest involves an increase in premium rates, and thus greater expense for the public, whilst the cheapening of municipal and mortgage loans has certainly not entailed corresponding advantages for the public in the form of lower municipal taxes and reduced rents. Too cheap money is apt to lead to reckless or misdirected economy. Furthermore, the increase in the value of various fixed assets during a period of temporarily cheap interest is bound to be followed by a set-back, which will be the more severely felt according as the previous trend in interest rates had been the more favourable. This applies particularly to agricultural property and buildings, which represent a very considerable part of the national wealth.

So far as the present trend in interest rates is sustained by a copious supply of foreign exchange, it seems that, on a short-run view, some tightening of the rates is not improbable. As has previously been pointed out in this publication, an unsatisfactory market for some of the big Swedish export commodities may be expected in the proximate future. As there is no imperative necessity for cutting down imports in corresponding degree, trade with foreign countries may result in a surplus of expenditure, with a consequent efflux of foreign exchange and a corresponding decrease of the abundant supply of money. Bult if, on a long-run view, Sweden must reckon with a surplus of income in her relation with foreign countries — which, for several reasons, seems probable —, the excess foreign exchange cannot indefinitely be kept "stored" at the Riksbank, but will have to be invested abroad. Though, in the present political situation and under present currency conditions, this idea may be unattractive, and though it may evoke painful memories, it may become, by the force of logic, a sheer necessity. Among the smaller countries Holland and Switzerland have long been leading the way in this field. And, just as certain Swedish industries are carrying on international business in cooperation with foreign capital, it is conceivable that Sweden might acquire financial interests, for example, in foreign companies which are buyers of some of our big export commodities.

Reverting to the question of the accumulation of savings in Sweden, mention should be made of a recent proposal to institute an enquiry into the possibility of reducing the swelling of the funds in the insurance branch and of giving insurance companies and institutions greater latitude in regard to the investment of their money. The most plausible suggestion that may be made in this latter regard is that they should be authorized to invest in shares. This idea has been carried into effect in some foreign countries, for example in the Finnish law of 1938 relating to national pensions.

As regards measures to diminish the accumulation of funds in the insurance branch, it remains to be observed that a decision has already been taken to limit the National Pensions Funds to one milliard kronor, in that the guarantee of the State for the due payment of the pensions dispenses with the necessity for additional funding. It has been suggested that a similar arrangement should be made in organizing a big scheme for the pensioning of workers, which is intended to supplement the national pensions system. It seems doubtful whether this suggestion is feasible. In any case, however, the above-mentioned proposals are interesting indications that Sweden is endeavouring in this field also to find "the middle way".

THE ECONOMIC SITUATION DURING THE FOURTH QUARTER OF 1938

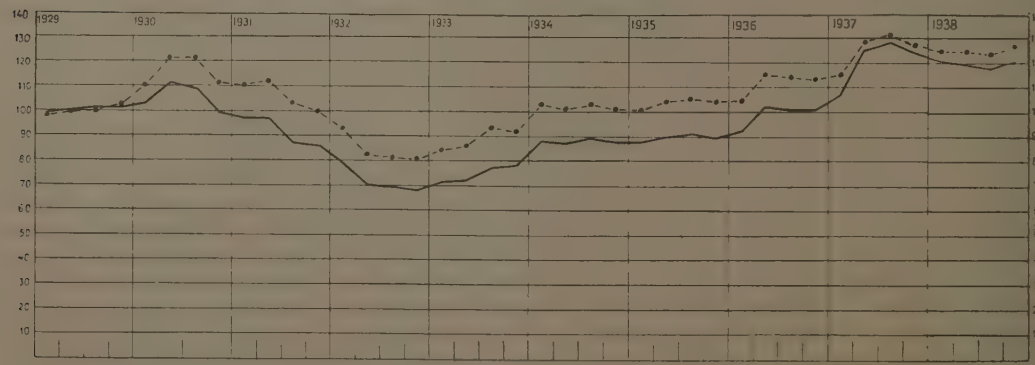
The General Situation. The signs of increased activity which were observed on the home market during the late summer of 1938 have since continued to manifest themselves, and, generally speaking, people seemed inclined during the latter part of the year to judge the economic trend with somewhat greater optimism.

Business within the country is being maintained at a remarkably high level. House-building, which in the last few years has been on a very extensive scale, showed during the first three quarters of 1938 a marked increase as compared with the same period in the preceding year, or by about 10 per cent. as regards the number of completed houses in the larger towns. According to an investigation recently made, it is estimated that industrial investments in 1938 (buildings, plants, machinery etc.) will show an increase of about 7 per cent. as compared with the preceding year and, in the aggregate, will represent an expenditure of between 350 and 400 million kronor. Very considerable investments in buildings and machinery are also being made in agriculture, where the situation, broadly speaking, has been favourable, with an average increase in production and somewhat better prices. Falls in the prices of crops have indeed occurred, but apparently they will be largely compensated by a quantitative increase in the harvest. The export of butter in 1938 is estimated at between 28,000 and 29,000 tons, which is a larger amount than in any previous year, and, in general, the results of cattle-farming have been satisfactory.

The activity in building and in other investments has naturally provided good employment for a number of industries. The cement industry, for example, has considerably increased its production capacity, whilst the makers of commercial iron have obtained larger orders and improved their prices. In other respects also consumption on the home market seems

Business Activity Index of the Skandinaviska Banken.

Season adjusted index numbers relating to the clearing turnover (1929 = 100).



——— Original figures referring to the value of the clearing.

- - - - - - - - Quantity figures (after re-reckoning on the basis of the average of the wholesale price and the cost-of-living indices.)

to have increased. It is significant that the textile industry has been better supplied with orders, and that unemployment among the textile operatives has been diminishing since July 1938. The business activity index of the Skandinaviska Banken, which is based on the value of the clearing of commercial paper and indicates the volume of business within the country, had fallen during the period from the third quarter of 1937 to the third quarter of 1938 from the peak figure 127.7 to 117.9 or by nearly 8 per cent., whilst during the fourth quarter of 1938 it has again risen to 121.2.

As regards the export industries the situation, as we know, is by no means homogeneous. It is marked by numerous trade restrictions, disturbances due to the wars in China and Spain as well as to the incorporation of Austria and the Sudetenland in Germany, and by the trade depression which prevailed in 1938 in the United States and England. The economic trend in America, however, has latterly been rising, and it is hoped that the repercussion from this improvement will reach Sweden before her economic position has appreciably changed for the worse.

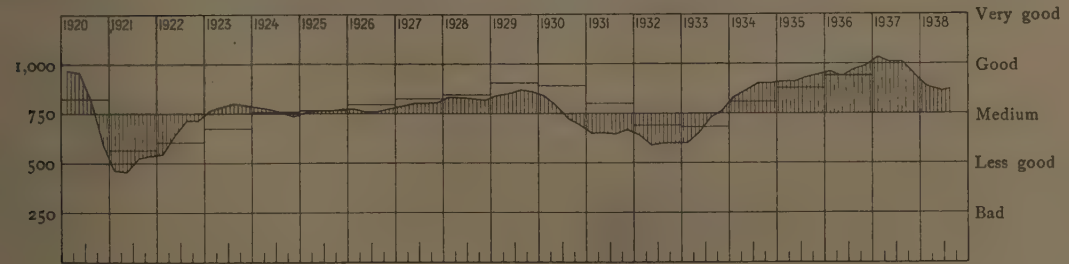
In the case of those export industries which have been most seriously affected, namely the sawmills and pulp mills, the exports have decreased considerably as compared with the preceding year. For the first eleven months of 1938 the decrease was 22 per cent. for wood goods and 24 per cent. for wood pulp, reckoned by quantum. Whilst the arrangements made for the restriction of production are having a stabilizing effect on prices, the market is supported by the fact that the stocks of wood goods in the importing countries are at present unusually small and, as regards wood pulp, by the increased production of the paper mills in several countries.

The export of iron ore, after a marked expansion during the first six months of 1938, has since fallen below the level for the preceding year. The leading engineering industries, on the other hand, show during the whole year of 1938 higher export figures, reckoned in value, than in 1937. For the first eleven months of the year these exports amounted to 106 million kronor, as compared with 109 million kronor during the same period in the peak year 1929, when the prices were considerably higher.

	Imports	Exports	Surplus of exports (+) or surplus of imports (−)
	Million kronor		
Jan.—Nov. 1929	1,621	1,654	+ 33
» » 1930	1,523	1,417	−106
» » 1931	1,310	1,003	−307
» » 1932	1,046	836	−210
» » 1933	993	971	− 22
» » 1934	1,189	1,155	− 34
» » 1935	1,333	1,163	−170
» » 1936	1,469	1,361	−108
» » 1937	1,928	1,796	−132
» » 1938	1,878	1,672	−206

Employment in the Industry.

The curve represents the supply of work[1] as stated by the Labour Board (scale right).
The columns signify the number of working-hours in the industry (scale left).



[1] The season variations have been eliminated.

Exports	Wood Goods 1,000 m³	Wood Pulp (estimated air-dry weight 1,000 tons)				Paper and Pasteboard 1,000 tons
		Mechanical	Sulphite	Sulphate	Total	
Jan.—Nov.						
1929 . .	5,875	302.3	834.0	439.5	1,575.8	424.52
1930 . .	4,842	242.5	753.4	376.5	1,372.4	398.49
1931 . .	3,222	240.0	619.7	429.2	1,288.9	435.16
1932 . .	3,197	183.9	509.1	351.7	1,044.7	425.76
1933 . .	4,203	283.1	823.5	592.5	1,699.0	470.52
1934 . .	4,173	288.1	883.3	616.4	1,737.8	505.48
1935 . .	3,196	275.2	905.3	670.2	1,850.7	557.63
1936 . .	3,669	283.3	999.9	723.6	1,997.8	556.08
1937 . .	3,905	307.6	1,167.3	809.0	2,283.9	607.73
1938 . .	3,048	264.5	883.1	576.7	1,724.3	427.73

Exports	Iron Ore 1,000 tons	Pig Iron etc. 1,000 tons	Wrought Iron and Steel 1,000 tons	Workshop[1] Products Mill. kr.	Butter tons	Bacon tons
Jan.—Nov.						
1929 . .	10,135	100.32	125.60	108.9	22,887	18.313
1930 . .	9,077	66.26	87.58	110.4	24,918	25,530
1931 . .	4,233	55.41	68.83	80.7	18,438	27,666
1932 . .	2,039	41.18	56.94	62.1	12,383	19,516
1933 . .	2,593	84.51	68.70	55.6	15,504	19,052
1934 . .	6,206	87.95	93.23	69.9	21,593	17,418
1935 . .	6,938	84.75	95.38	76.0	19,302	12,156
1936 . .	10,395	100.70	106.27	82.4	17,611	11,756
1937 . .	12,808	120.19	132.94	98.7	21,947	12,492
1938 . .	12,033	123.16	130.98	106.0	27,290	12,149

[1] Includes only the products of large exporting workshops.

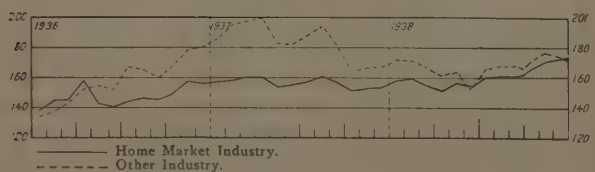
Sweden's foreign trade during the first eleven months of 1938 resulted in an import surplus of 206 million kronor, as compared with 132 million kronor for the same period in 1937. The adverse increase, 74 million kronor, is much smaller than the surplus of income in the balance of payments for 1937, which amounted to 178 million kronor. It may therefore be presumed that the year 1938 will likewise show a surplus of income in Sweden's balance of international payments.

A study of the figures for Sweden's foreign trade is of great interest. It will show that the imports, reckoned in value, during the first half-year of 1938 as well as in the following five months were merely 2 to 3 per cent. less than during the same period in 1937, which had marked a record. As it may be presumed that the prices had fallen by more than 2 to 3 per cent., it must be concluded that importation has proceeded on a record scale, reckoned by quantum, and without any visible tendency to decrease.

As compared with 1937, the value figures for the exports during the first six months of 1938 showed an increase of 4.5 per cent., whereas for the following five months they decrease by 17 per cent. The result is that the regularly recurring import surplus for the first half-year has been reduced from 158 million kronor (1937) to 91 million kronor (1938), and that the balance of trade for July to November has been converted from an export surplus of 26 million kronor (1937) into an import surplus of 115 million kronor (1938), thus involving an »adverse change» to the extent of 141 million kronor. A factor which seems to have largely contributed to this change is that the

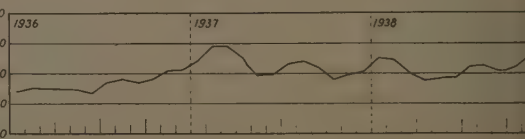
Share Index Numbers.

Industry.



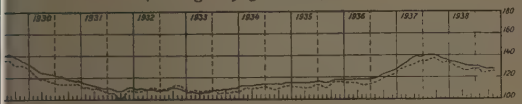
——— Home Market Industry.
– – – – – Other Industry.

Banks.



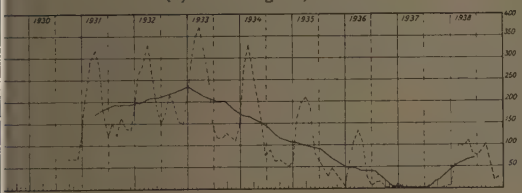
Price Index of the Board of Trade.

——— = all goods.
- - - - - - - - = raw products.
(Average 1913 = 100.)

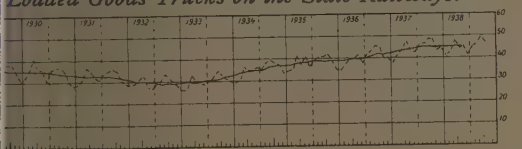


Laid up Swedish Tonnage.

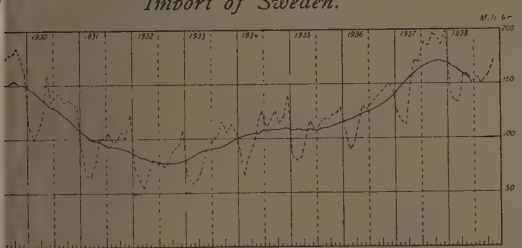
(1,000 tons gross)



Millions of Axle-Kilometers travelled by Loaded Goods Trucks on the State Railways.

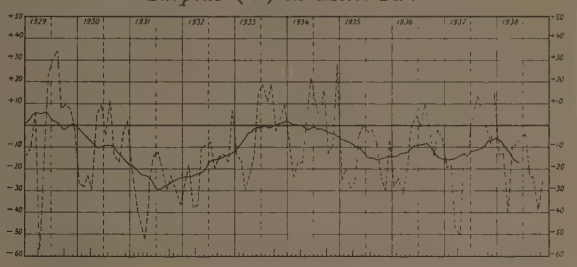


Import of Sweden.



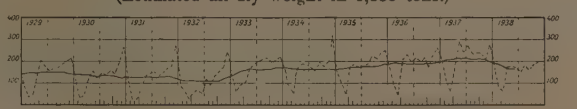
Export of Sweden.

Monthly Import Surplus (−) or Export Surplus (+) in Mill. Kr.



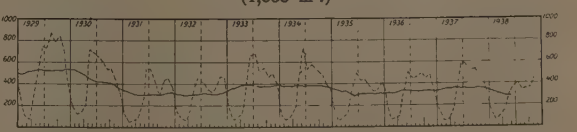
Export of Paper Pulp.

(Estimated air-dry weight in 1,000 tons.)



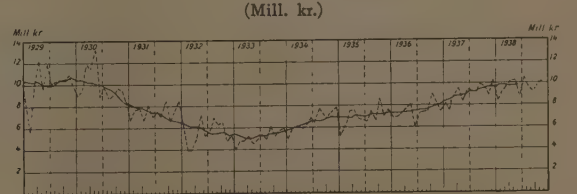
Export of Woodgoods.

(1,000 m³.)



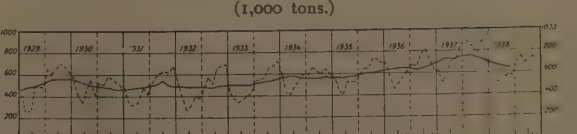
Export of Products of the Engineering Works.

(Mill. kr.)



Import of Coal and Coke.

(1,000 tons.)



where except in the first diagram the dotted line indicates the original figures and the solid line the moving 12 months' averages.

Share Index.	1936 Jan.	1937 Jan.	1937 April	1937 July	1937 Dec.	1938 Jan.	1938 April	1938 May	1938 June	1938 July	1938 Aug.	1938 Sep.	1938 Oct.	1938 Nov.	1938 Dec.	1938 Dec. 29
Home industry	138	157	160	157	154	158	152	157	155	160	161	161	166	171	173	174
Other industry	134	186	200	189	168	172	161	164	153	166	168	168	171	177	174	172
Of which																
Grängesberg	78	177	238	234	209	219	188	186	175	200	198	195	192	198	198	193
Exporting engineering industry	167	223	225	212	192	196	186	194	178	193	195	197	198	205	201	198
Other, including iron and steel ind.	148	196	201	189	168	173	161	161	153	167	167	166	177	183	181	180
Wood-goods and pulp-ind.	108	146	157	147	127	131	120	123	113	123	127	124	127	129	123	123
Mixed wood and iron ind.	143	186	211	198	174	176	182	182	174	181	184	184	192	200	205	202
Banks	168	189	190	187	182	191	176	177	177	184	185	182	184	191	191	189

Note. Where not otherwise stated, the figures are for the middle of the month.

big staple export commodities, namely sawn wood goods and wood pulp, are being sold on long contracts. During the first six months of 1938 these goods were exported at the higher prices attained during the sale season in 1937. Subsequently the buyers, to a greater extent than had previously been the case, demanded and obtained price reductions and the postponement of deliveries, partly in connection with the conclusion of new long contracts. The effects of this were all the more marked as it was then the height of the season for the export of timber and wood pulp products. It is to be expected that export prices will continue to fall in the present year, and that the international payments of Sweden will show a surplus of expenditure for the period July 1938 to June 1939 and perhaps for a further space of time.

During the past quarter there has been a small efflux of foreign exchange. Immediately before Christmas the sum-total of the Riksbank's net holdings of foreign exchange and the market value of its gold stock amounted approximately to 2,005 million kronor. Setting aside the rise in the price of gold, this sum represents a decrease of about 120 million kronor since the beginning of the quarter. On the other hand, the foreign exchange holdings of the commercial banks in October and November showed an increase of about 112 million kronor. There seems to have been some flight of capital to Sweding during this time. A further efflux of foreign exchange, of a seasonal character, is, however, to be expected in the immediate future.

This tendency will not entail any inconvenience for the Swedish money market, seeing that the holdings of foreign exchange and the cash reserves of the banks are still extraordinarily large. The deposits and advances of the commercial banks are now on a larger scale than at any time since the middle of the nineteen-twenties. Excluding foreign customers, the deposits in November 1938 amounted to 4,008 million kronor and advances to 4,261 million kronor. The cash reserves yielding no interest totalled at that time 604 millon kronor.

The Stock and Bond Markets. The fluctuations in share prices are indicated by the appended tables and diagrams, which show the average prices, in percentage of par, for different groups of shares listed on the Stockholm Exchange. As will be seen, share prices showed a rising tendency during the last few months of 1938, and this tendency was most pronounced in the case of the home-market industries. As for the shares of other industries and of the banks, the average prices have risen to approximately the same level as at the beginning of the year.

As regards the bond market, the following table gives approximate figures for the yield (in percentage) corresponding to the market

value of representative Swedish bond loans during the last few months.

	Number of loans	1938 15/7	16/8	13/9	14/10	15/11	16/12	30/12
Swedish Government.								
3 % 1934 Conv. 1944 .	1	2.22	2.25	2.15	2.31	2.25	2.43	2.43
3 % 1937 Conv. 1947 .	1	2.39	2.36	2.33	2.44	2.41	2.46	2.46
Mortgage Banks.								
3 % Conv. 1944—47 .	4	2.36	2.32	2.25	2.40	2.40	2.48	2.46
Municipalities.								
3, 3¼ and 4 % Conv. 1943—46	3	2.59	2.58	2.55	2.68	2.60	2.60	2.64
Industrial Companies.								
3¼ % Conv. 1947 . . .	3	2.88	2.88	2.86	2.95	2.83	2.82	2.83
3½ % » 1947 . . .	1	2.86	2.85	2.85	3.05	2.87	2.87	2.93
4 % » 1945 . . .	1	3.12	3.12	3.10	3.29	3.10	3.10	3.09

These figures, in which the risk of possible conversion is taken into account, show that the average yield in the middle of December was about 2.45 per cent. for Government loans, about 2.5 per cent. for mortgage bank loans, about 2.6 per cent. for municipal loans, and 2.8 to 3.1 per cent. for first-rate industrial loans. The trend of bond prices has to some extent been affected by political conditions abroad. No distinct tendency towards a tightening of interest rates can be discerned. It is, however, of interest to note that practically all the bond loans issued ten years ago or previously have been converted or redeemed. As a ten-years period is the regular term for the conversion of Swedish bond loans, the number of conversions will henceforth presumably diminish.

The principal bond loans issued during the past quarter were the following:

Issued by	Interest rate in %	Face value in kronor	Issue price in %	
AB. Stockholms Tomträttskassa (a municipal building society)	[1]	3,000,000	100½	
City of Gothenburg IV (1938—1968)	2¾	9,000,000	101	
City of Jönköping	2¾	1,483,000	100¾	
City of Stockholm	2¾	[2]	100	
AB. Optimus	3½	[3]	100	
AB. Scharins Söner	3½	1,200,000	102	
Allmänna Svenska Elektriska AB. (ASEA)	3	25,000,000[5]	101	[4]
Finspongs Metallverks AB. . .	3¾	4,500,000	102	[4]
Gustafsfors Fabrikers AB. . . .	3	800,000	99½	
Munkedals AB.	3¾	3,000,000	102	[4]
Skånska Cementaktiebolaget . .	3¾	6,000,000	102½	
Danish Government	3½	30,000,000	100	
Finska Ångfartygs AB.	4	3,500,000	101	[4]

[1] Rate of interest: ¼ % above the average deposit of the 25 largest savings-banks, maximum 4 %.
[2] Reduction of the interest on a previous 5 per cent. loan.
[3] » » » » » » » 5½ » » » .
[4] In connection with the conversion of a previous loan.
[5] Out of which 15,000,000 kronor was issued.

Some Statistical Data Concerning

Currency Reserve, Stock of Gold, Note Circulation.

	Net Claims of Banks on Foreign Countries million kronor (End of month)									The Riksbank's								
										Stock of Gold (million kr.)			Stock of Gold and Net Claims on Foreign Countries (million kr.)			Note Circulation (million kr.)		
	Riksbank			Commercial banks[1]			Total[1]											
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Jan.	598	734	972	197	74	— 55	795	808	917	429	529	540	1027	1263	1512	702	804	880
Feb.	593	818	921	181	— 41	— 38	774	777	883	440	530	557	1033	1348	1478	712	797	870
March	575	831	866	173	— 78	— 19	748	753	847	454	531	575	1029	1362	1441	741	826	898
I (Average)	**589**	**794**	**920**	**184**	**— 15**	**— 37**	**773**	**779**	**882**	**441**	**530**	**557**	**1030**	**1324**	**1477**	**718**	**809**	**883**
April	544	827	851	188	— 91	— 24	732	736	827	461	532	576	1005	1359	1427	744	812	908
May	506	874	827	191	—118	— 29	697	756	799	484	533	600	990	1407	1427	728	800	883
June	496	907	814	209	—149	— 39	705	758	775	509	534	615	1005	1441	1429	755	826	922
II (Average)	**515**	**869**	**831**	**196**	**—119**	**— 31**	**711**	**750**	**800**	**485**	**533**	**597**	**1000**	**1402**	**1428**	**742**	**813**	**904**
July	518	921	803	189	—138	— 22	707	783	781	510	535	616	1028	1456	1419	739	818	907
Aug.	533	960	797	207	—120	— 28	740	840	769	511	536	617	1044	1496	1414	756	839	919
Sept.	556	1014	923	211	—153	—201	767	861	721	526	536	684	1082	1550	1607	789	875	976
III (Average)	**536**	**965**	**841**	**202**	**—137**	**— 84**	**738**	**828**	**757**	**516**	**536**	**639**	**1051**	**1501**	**1480**	**761**	**844**	**934**
Oct.	604	1027	819	165	—122	—130	769	905	689	526	537	706	1130	1564	1525	796	865	991
Nov.	652	1030	784	151	—112	— 89	803	918	695	528	538	707	1180	1568	1491	785	868	953
Dec.	717	984	751	137	— 46		854	938		529	539	707	1246	1522	1458	845	927	1008
IV (Average)	**658**	**1013**	**785**	**151**	**— 93**		**809**	**920**		**528**	**538**	**707**	**1185**	**1551**	**1492**	**809**	**887**	**984**
Notes	The figures comprise balances with foreign customers and holdings of foreign bills and foreign bonds less amounts due to foreign customers.									At end of month. Gold stock and currencies partly booked below market values.						Monthly averages		

[1] The figures have been revised to comprise also other foreign customers than banks and bankers.

Rates of Exchange.

	Nominal Quotations of the Commercial Banks (Monthly Averages)											
	London Kr. for £ 1			New York Kr. for $ 1			Paris Kr. for 100 francs			Berlin Kr. for 100 Rmk		
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Jan.	19.402	19.400	19.405	3.918	3.961	3.885	25.974	18.500	13.085	158.630	159.521	156.948
Feb.	19.400	19.400	19.411	3.888	3.970	3.872	25.990	18.504	12.810	158.550	160.000	157.008
March	19.401	19.400	19.420	3.910	3.980	3.900	25.960	18.324	12.315	158.330	160.380	157.294
I (Average)	**19.401**	**19.400**	**19.412**	3.905	3.970	**3.886**	**25.975**	**18.443**	**12.737**	**158.503**	**159.967**	**157.083**
April	19.403	19.408	19.410	3.931	3.954	3.903	25.928	17.838	12.200	158.370	159.433	157.261
May	19.400	19.402	19.403	3.908	3.935	3.909	25.764	17.654	[3] 11.034	157.860	158.333	157.432
June	19.400	19.400	19.400	3.871	3.939	3.917	25.533	[2] 17.566	11.000	156.261	158.083	158.114
II (Average)	**19.401**	**19.403**	**19.404**	3.903	3.943	**3.910**	**25.742**	[2] **17.686**	**11.411**	**157.497**	**158.616**	**157.602**
July	19.400	19.402	19.403	3.869	3.913	3.939	25.646	15.026	10.987	156.297	157.620	158.683
Aug.	19.400	19.400	19.401	3.867	3.901	3.978	25.485	14.700	10.980	155.702	157.298	159.861
Sept.	19.400	19.400	19.401	3.856	3.924	4.047	[1] 25.343	13.983	11.000	155.120	157.654	161.990
III (Average)	**19.400**	**19.401**	**19.402**	3.864	3.913	**3.988**	[1] **25.491**	**14.570**	**10.989**	**155.706**	**157.524**	**160.178**
Oct.	19.400	19.400	19.419	3.965	3.921	4.079	18.542	13.237	10.962	159.741	157.789	163.750
Nov.	19.400	19 403	19.418	3.975	3.891	4.128	18.510	13.250	10.950	160.370	157.344	165.769
Dec.	19.400	19 406	19.425	3.961	3.887	4.163	18.500	13.250	11.036	159.792	157.074	167.450
IV (Average)	**19.400**	**19.403**	**19.421**	3.967	3.900	**4.123**	**18.517**	**13.246**	**10.983**	**159.968**	**157.402**	**165.656**

[1] Up to September 25th 1936, inclusive. — [2] Up to June 28th 1937, inclusive. — [3] From May 5th, inclusive.

Sweden's Economic Position.

Commercial Banks, Stock Exchange.

	Commercial banks									Share Quotations						Shares sold on the Stockholm Stock Exchange (1000 kr.)		
	Deposits[1] (million kr.)			Advances[1] incl. bills rediscounted (million kr.)			Cash (million kr.)			Home Industry			Other Industry					
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Jan.	3578	3758	3823	3696	3814	3974	376	598	679	138	157	158	134	186	172	927	1361	1357
Feb.	3564	3807	3822	3733	3847	4012	348	702	613	144	158	160	137	195	172	583	1930	926
March	3602	3871	3868	3767	3896	4058	280	756	588	145	160	155	143	198	167	531	2439	1063
I (Average)	**3581**	**3812**	**3838**	**3732**	**3852**	**4015**	**335**	**685**	**627**	**142**	**158**	**158**	**138**	**193**	**170**	**680**	**1910**	**1115**
April	3587	3850	3844	3804	3919	4095	280	727	574	158	160	152	152	200	161	441	1950	950
May	3519	3850	3832	3791	3922	4133	208	728	526	143	154	157	154	183	164	618	1350	559
June	3548	3825	3832	3762	3939	4140	281	732	539	141	155	155	152	182	153	834	1329	768
II (Average)	**3551**	**3842**	**3836**	**3786**	**3927**	**4123**	**256**	**729**	**546**	**147**	**156**	**155**	**153**	**188**	**159**	**631**	**1543**	**759**
July	3600	3907	3938	3751	3915	4135	383	809	638	144	157	160	166	189	166	635	2087	869
Aug.	3628	3934	4009	3753	3931	4172	417	840	651	146	161	161	166	194	168	873	1340	585
Sept.	3699	3964	4059	3785	3967	4237	452	858	841	145	157	161	159	181	168	518	1154	1405
III (Average)	**3642**	**3935**	**4002**	**3763**	**3938**	**4181**	**417**	**836**	**710**	**145**	**158**	**161**	**164**	**188**	**167**	**675**	**1527**	**953**
Oct.	3690	4000	4094	3796	3990	4217	503	876	828	149	152	166	168	164	171	644	1561	1138
Nov.	3615	3841	4008	3824	4013	4261	405	687	604	158	153	171	178	166	177	541	2082	822
Dec.	3659	3779		3838	4001		465	606		156	154	173	180	168	174	726	1801	650
IV (Average)	**3655**	**3873**		**3819**	**4001**		**458**	**723**		**154**	**153**	**170**	**175**	**166**	**174**	**637**	**1815**	**870**
Notes	Deposits from and loans to the public within the country (at the end of the respective month)						Cash in hand, credit balances on cheque accounts with the Riksbank etc.			The figures denote mid-monthly average prices.						Averages per Stock Exchange business day		

[1] Revised figures.

Rates of Interest and Price Level.

	Rediscount Rate of the Riksbank (%)			Yield of Bonds (%)						Wholesale Price Index (Board of Trade) (1913 = 100)						Cost of Living Index (July 1914 = 100)		
				Govt. Loans			Industrial Loans			All Goods			Raw Materials					
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1937	1938	1939
Jan.	2.00	2.00	2.00	3.29	3.05	2.75	3.72	·	2.97	118	129	135	115	127	132	158	165	167
Feb.	2.00	2.00	2.00	3.25	3.03	2.25	3.62	3.04	2.97	118	132	134	115	129	130	·	·	
March	2.00	2.00	2.00	3.25	3.05	2.27	3.55	3.22	2.91	118	136	132	115	131	128	·	·	
I (Average)	**2.00**	**2.00**	**2.00**	**3.26**	**3.04**	**2.42**	**3.63**	·	**2.95**	**118**	**132**	**134**	**115**	**129**	**130**			
April	2.00	2.00	2.00	3.15	3.12	2.49	3.50	3.28	3.00	118	138	131	114	132	126	161	165	
May	2.00	2.00	2.00	3.17	3.13	2.33	3.43	3.25	2.98	118	139	130	113	134	126	·	·	
June	2.00	2.00	2.00	3.17	3.07	2.18	3.43	3.25	2.89	118	139	130	113	135	127	·	·	
II (Average)	**2.00**	**2.00**	**2.00**	**3.16**	**3.11**	**2.33**	**3.45**	**3.26**	**2.96**	**118**	**139**	**130**	**113**	**134**	**126**			
July	2.00	2.00	2.00	3.18	3.08	2.22	3.29	3.25	2.88	119	140	130	114	135	127	162	166	
Aug.	2.00	2.00	2.00	3.12	3.06	2.25	3.31	3.24	2.88	120	140	128	116	136	124	·	·	
Sept.	2.00	2.00	2.00	3.06	3.05	2.15	3.27	3.19	2.86	122	140	127	118	137	124	·	·	
III (Average)	**2.00**	**2.00**	**2.00**	**3.12**	**3.06**	**2.21**	**3.29**	**3.23**	**2.87**	**120**	**140**	**128**	**116**	**136**	**125**			
Oct.	2.00	2.00	2.00	3.08	3.05	2.31	3.34	3.18	2.95	123	139	128	120	135	125	165	167	
Nov.	2.00	2.00	2.00	3.06	3.03	2.25	3.24	3.16	2.83	124	137	127	121	133	125	·	·	
Dec.	2.00	2.00	2.00	3.05	2.98	2.43	3.15	3.05	2.82	126	136	127	124	134	124	·	·	
IV (Average)	**2.00**	**2.00**	**2.00**	**3.06**	**3.02**	**2.33**	**3.25**	**3.13**	**2.87**	**124**	**137**	**127**	**122**	**134**	**125**			
Notes	Monthly averages			Calculated on market prices at middle of months						Calculated on prices ruling at middle of months						Refers to end of quarters		

Trade and Industry.

	Foreign Trade (million kr.)									Export of Forest Products								
	Import			Export			Excess of Imports (−) or Exports (+)			Sawn and Planed Wood Goods 1000 stds			Paper Pulp 1000 tons			Paper and Pasteboard 1000 tons		
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Jan.	134	142	159	106	123	145	−28	−19	−14	46	30	25	176.0	205.5	182.6	52.5	51.2	46.3
Feb.	115	133	147	91	115	134	−24	−18	−13	11	8	8	95.9	102.5	79.8	47.6	50.7	35.5
March	126	160	173	94	114	133	−32	−46	−40	12	10	12	47.2	60.2	65.1	54.8	56.6	39.4
I (Average)	**125**	**145**	**160**	**97**	**117**	**137**	**−28**	**−28**	**−23**	**23**	**16**	**15**	**106.4**	**122.7**	**109.2**	**51.6**	**52.8**	**40.4**
April	130	199	167	112	149	157	−18	−50	−10	15	16	22	206.3	190.1	174.4	51.0	62.2	35.1
May	130	184	167	129	171	159	− 1	−13	− 8	64	58	52	233.4	294.0	177.1	48.4	52.0	34.0
June	121	179	155	126	169	150	+ 5	−10	− 5	103	104	66	202.8	239.4	171'3	41.1	53.4	36.5
II (Average)	**127**	**187**	**163**	**122**	**163**	**155**	**− 5**	**−24**	**− 8**	**61**	**59**	**47**	**214.2**	**241.2**	**174.3**	**46.8**	**55.6**	**35.2**
July	132	185	160	132	190	156	0	+ 5	− 4	91	113	71	217.1	271.9	152.1	46.6	51.9	35.2
Aug.	126	171	173	136	187	150	+10	+16	−23	96	103	61	198.9	237.7	182.2	56.1	60.3	35.7
Sept.	142	187	178	140	197	154	− 2	+10	−24	93	99	59	216.8	241.6	159.9	47.1	56.5	39.8
III (Average)	**133**	**181**	**170**	**136**	**191**	**153**	**+ 3**	**+10**	**−17**	**93**	**105**	**63**	**210.9**	**250.4**	**164.7**	**49.9**	**56.1**	**39.6**
Oct.	160	192	199	145	195	161	−15	+ 3	−38	95	96	70	172.8	238.6	184.9	56.0	58.9	49.8
Nov.	154	193	198	151	186	172	− 3	− 7	−26	100	91	97	230.6	213.4	194.9	54.9	54.5	40.4
Dec.	150	184		144	198		− 6	+14		70	67		263.0	275.7		49.8	55.7	
IV (Average)	**155**	**190**		**147**	**193**		**− 8**	**+ 3**		**88**	**85**		**222.1**	**242.6**		**53.6**	**56.4**	
Notes										Petersburg standard = 4.67 m³			Estimated air-dry weight					

	Export of Iron Ore 1000 tons			Export of Workshop Products million kr.			Index of Production according to Feder. of Swed. Industries (1935 = 100)			Supply of Industrial Work Index numbers			Waggon-axle Kilometres of loaded Trucks on State Railways			Unemployment in Trade Unions (%)		
	1936	1937	1938	1936	1937	1939	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Jan.	659	696	928	6.88	8.14	8.43	103	113	120	·	·	·	34.4	37.8	41.1	19.0	16.2	15.6
Feb.	686	786	850	6.93	7.58	9.42	104	114	120	·	·	·	37.0	41.3	42.5	18.0	14.8	14.5
March	751	958	892	8.26	8.85	9.78	105	116	119	·	·	·	39.8	43.3	47.9	16.5	14.3	12.9
I (Average)	**699**	**813**	**890**	**7.36**	**8.19**	**9.21**	**104**	**114**	**120**	**3.71**	**4.01**	**3.45**	**37.1**	**40.8**	**43.8**	**17.8**	**15.1**	**14.3**
April	748	980	1014	7.59	9.52	10.42	106	118	119	·	·	·	39.6	47.6	43.7	13.8	11.1	10.7
May	744	835	1133	8.12	8.30	10.20	107	119	118	·	·	·	41.7	43.3	45.2	10.2	8.3	8.4
June	948	1098	1062	7.07	9.40	8.73	107	120	116	·	·	·	37.4	42.4	41.1	9.3	7.7	8.5
II (Average)	**813**	**971**	**1070**	**7.93**	**9.07**	**9.78**	**107**	**119**	**118**	**3.82**	**4.10**	**3.51**	**39.6**	**44.4**	**43.3**	**11.1**	**9.0**	**9.2**
July	905	1228	1013	7.33	9.24	10.51	107	120	115	·	·	·	42.2	46.1	44.8	8.1	6.4	7.2
Aug.	751	1231	1049	7.36	9.22	9.67	109	121	114	·	·	·	43.0	46.3	45.9	8.0	6.2	7.2
Sept.	861	1134	894	7.48	9.88	9.26	111	122	114	·	·	·	45.6	48.4	48.8	8.6	6.8	7.5
III (Average)	**839**	**1198**	**985**	**7.39**	**9.45**	**9.81**	**109**	**121**	**114**	**3.91**	**4.06**	**3.53**	**43.6**	**46.9**	**46.5**	**8.2**	**6.5**	**7.3**
Oct.	902	987	696	9.09	9.65	9.72	112	123	114	·	·		44.7	48.5	47.2	10.3	8.3	8.9
Nov.	806	1062	696	8.26	8.89	10.14	113	123	115	·	·		40.1	43.8		12.3	11.1	
Dec.	632	989	521	7.32	10.20		114	122		·	·		39.7	44.6		17.5	17.8	
IV (Average)	**780**	**1013**	**638**	**8.22**	**9.58**		**113**	**123**		**3.97**	**3.80**		**41.5**	**45.6**		**13.4**	**12.4**	
Notes	Shipments of the Grängesberg Co.			Motors, electr. machinery, ball bearings, separators, telephones, etc.			Seasonal change removed			The figure 3 denotes normal supply of work			Million kilom. per month			% of total members at end of month		

Stockholm 1939. Kungl. Boktr. P. A. Norstedt & Söner 383962

SKANDINAVISKA BANKEN

AKTIEBOLAG

Statement of Condition December, 31st, 1938

ASSETS:

Cash in hand		Kr. 196.365.680: 40
Bills:		
Swedish	Kr. 268.920.613: 17	
Foreign	» 11.424.750: 55	» 280.345.363: 72
Loans (secured)		» 377.144.292: 81
Current Account (secured)		» 59.475.668: 55
Swedish Banks and Savings Banks		» 12.368.894: 77
Foreign Banks		» 25.394.609: 90
Sundry Accounts		» 36.210.304: 99
Bonds		» 67.781.906: 88
Shares		» 161.694.954: 94
Bank Buildings & Furniture		» 16.824 966: —
		Kr. 1.233.606.642: 96

LIABILITIES:

Bills at sight in circulation (»postremiss» bills)		Kr. 16.870.636: 06
Deposits:		
at sight	Kr. 225.996.574: 41	
at notice	» 638.174.213: 16	» 864.170.787: 57
Swedish Banks		» 15.479.059: 62
Swedish Savings Banks		» 21.927.303: 60
Foreign Banks		» 37.144.254: 89
Sundry Accounts		» 70.583.901: 22
Registered Certificates of the Bank (»Förlagsbevis»):		
3½ % of 1937		» 45.430.700: —
Share Capital	Kr. 87.188.000: —	
Reserve Funds	» 74.812.000: —	» 162.000.000: —
		Kr. 1.233 606.642: 96

Inside the Circle:
Private Telephone Lines of the Skandinaviska Banken.
Outside the Circle:
Direct Telephonic Connections with Foreign Countries.
Stockholm
Göteborg
Malmö
N. America
S. America
Africa
Australia
Asia